

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:) Chapter 11
)
W.R. Grace & Co., <u>et al.</u>,) Case No. 01-01139 (JKF)
) (Jointly Administered)
)
Debtors.) Objection Deadline: 6/14/2007 @ 4:00 p.m.
	Hearing Date: 6/25/2007

**TWENTY-THIRD INTERIM QUARTERLY APPLICATION OF THE SCOTT
LAW GROUP, P.S.¹ FOR COMPENSATION FOR SERVICES AND
REIMBURSEMENT OF EXPENSES AS ZAI ADDITIONAL SPECIAL
COUNSEL FOR THE INTERIM
PERIOD FROM OCTOBER 1, 2006 THROUGH DECEMBER 31, 2006**

Pursuant to Sections 327, 330 and 331 of Title 11 of the United States Code (as amended, the “Bankruptcy Code”), Fed. R. Bankr. P. 2016, the Appointment Order (as defined below), the Administrative Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Professionals and Official Committee Members (the “Interim Compensation Order”), the Amended Administrative Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Professionals and Official Committee Members (the “Amended Interim Compensation Order” and collectively with the Interim Compensation Order, the “Compensation Order”) and Del.Bankr.LR 2016-2, Darrell W. Scott, of the law firm The Scott Law Group, P.S. (“Applicant” or “Scott Group”), ZAI Additional Special Counsel, hereby applies for an order allowing it: (i)

¹ Darrell W. Scott became counsel in this matter over a year after it was filed. To conform with the titles of the quarterly applications being filed by the firms who have been in the case since its inception, Scott Group is titling this the “Twenty-Third” Interim Quarterly Application, (although it is actually L&A/Scott Group’s eighteenth such application).

compensation in the amount of \$11,576.00 for the reasonable and necessary legal services Scott Group has rendered; and (ii) reimbursement for the actual and necessary expenses Scott Group have incurred in the amount of \$20.00 (the “Twenty-Third Interim Quarterly Fee Application”), for the interim quarterly period from October 1, 2006 through December 31, 2006 (the “Fee Period”). In support of this Application, Scott Group respectfully states as follows:

Background

Retention.

1. On April 2, 2001 (The “Petition Date”), the Debtors each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”). On April 2, 2001, the Court entered an order procedurally consolidating the Chapter 11 Cases for administrative purposes only. Since the Petition Date, the Debtors have continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
2. By this Court’s order effective as of July 22, 2002, Darrell W. Scott, formerly associated with Lukins & Annis, P.S. (“L&A”) and now with Scott Group, was appointed as ZAI Additional Special Counsel to prosecute the ZAI “Science Trial” issues on behalf of the ZAI Claimants’ position against Debtors’ position (the “Appointment Order”). The Appointment Order authorizes a total budget for ZAI Counsel of \$1.5 million in fees and \$500,000 in expenses for prosecuting the Science Trial, against which L&A, may be compensated for legal services at its hourly rates as specified to the Court, and for actual and necessary out-of-pocket

expenses incurred, subject to application to this Court in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and all applicable local rules and orders of this Court². On May 3, 2001, this Court entered the Interim Compensation Order and entered the Amended Interim Compensation Order on April 17, 2002. On July 28, 2003, the Court entered an Order authorizing an additional budget of \$950,000.00 per side for additional attorney fees and expenses.

Monthly Interim Fee Applications Covered Herein

3. Pursuant to the procedures set forth in the Compensation Order, professionals may apply for monthly compensation and reimbursement (each such application, a "Monthly Fee Application") subject to any objections lodged by the Notice Parties, as defined in the Compensation Order. If no objection is filed to a Monthly Fee Application within twenty (20) days after the date of service of the Monthly Fee Application, the applicable professional may submit to the Court a certification of no objection whereupon the Debtors are authorized to pay interim compensation and reimbursement of 80% of the fees and 100% of the expenses requested.
4. Furthermore, and also pursuant to the Compensation Order, professionals are to file and serve upon the notice parties a quarterly request (a "Quarterly Fee Application") for interim Court approval and allowance of the Monthly Fee Applications filed during the quarter covered by that Quarterly Fee Application.

² The rates billed by Scott Group are within the range of rates previously identified to the Court which were the current hourly rates at that time. Scott Group lawyers and professionals are being billed at rates commensurate with their experience and in the same range as other firms are billing in this bankruptcy.

If the Court grants the relief requested by the Quarterly Fee Application, the Debtors are authorized and directed to pay the professional 100% of the fees and expenses requested in the Monthly Fee Applications covered by that Quarterly Fee Application less any amounts previously paid in connection with the Monthly Fee Applications. Any payment made pursuant to the Monthly Fee Applications or a Quarterly Fee Application is subject to final approval of all fees and expenses at a hearing on the professional's final fee application.

5. This is the Twenty-Third Interim Quarterly Fee Application that Scott Group (formerly associated with L&A) has filed with the Bankruptcy Court in connection with these Chapter 11 Cases. (see Footnote 1).
6. Scott Group has filed the following Monthly Fee Applications for interim compensation during this Fee Period:
 1. Applications of The Scott Law Group, P.S. for Compensation for Services and Reimbursement of Expenses as ZAI Additional Special Counsel for the Interim Periods of October 1, 2006 through October 31, 2006, filed February 7, 2007; November 1, 2006, through November 30, 2006, filed February 7, 2007; and December 1, 2006 through December 31, 2006, filed February 7, 2007 (the "October – December Fee Application" or "Application") are attached hereto as Exhibit A.
7. The period for objecting to the fees and expense reimbursement requested in the October through December Fee Applications has lapsed.
8. During the Fee Period, Scott Group has prepared for the ZAI Science Trial as detailed in the Application.

Requested Relief

9. By this Twenty-Third Interim Quarterly Fee Application, Scott Group requests that the Court approve the interim allowance of compensation for professional services rendered and the reimbursement of actual and necessary expenses incurred by Scott Group for the Fee Period as detailed in the Application, less any amounts previously paid to Scott Group pursuant to the Application and the procedures set forth in the Compensation Order. The full scope of services provided and the related expenses incurred are fully described in the October – December Fee Application, which is attached hereto as Exhibit A.

Disinterestedness

10. With the exception of its representation of asbestos claimants, Scott Group does not hold or represent any interest adverse to the estates as stated in the Affidavit of Darrell W. Scott in Support of the Application of the Asbestos Property Damage Committee to Retain Special Counsel, filed June 7, 2002.
11. In addition, Scott Group may have in the past represented, may currently represent, and likely in the future will represent parties-in-interest in connection with matters unrelated to the Debtors and the Chapter 11 Cases.

Representations

12. Scott Group believes that the Application is in compliance with the requirements of Del.Bankr.LR 2016-2.

13. Scott Group performed the services for which they are seeking compensation under its Court Appointment effective as of July 22, 2002.
14. During the Fee Period, Scott Group has received no payment, nor have they received any promises for payment, from any other source for services rendered or to be rendered in any capacity whatsoever in connection with these Chapter 11 Cases.
15. Pursuant to Fed. R. Bank. P. 2016(b), Scott Group has not shared, nor have they agreed to share: (a) any compensation they have received or may receive with another party or person other than with the partners, counsel and associates of Scott Group; or (b) any compensation another person or party has received or may receive in connection with the Chapter 11 Cases.
16. Although every effort has been made to include all fees and expenses from the Fee Period in the Application, some fees and expenses from the Fee Period might not be included in the Application due to accounting and processing delays. Scott Group reserves the right to make further application to the Court for allowance of fees and expenses for the Fee Period not included herein.

WHEREFORE, Scott Group respectfully requests that the Court enter an order providing: (a) that for the Fee Period an administrative allowance be made to Scott Group in the sum of (i) \$11,576.00 as compensation for reasonable and necessary professional services, and (ii) \$20.00 for reimbursement of actual and necessary costs and expenses incurred (for a total of \$11,596.00); (b) that the Debtors be authorized and directed to pay to Scott Group the outstanding amount of such sums less any sums previously paid to

Scott Group pursuant to the Application and the procedures set forth in the Compensation Order; and (c) that this Court grant such further relief as is equitable and just.

Dated: May 25, 2007
Wilmington, Delaware

WILLIAM D. SULLIVAN, LLC


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-and-

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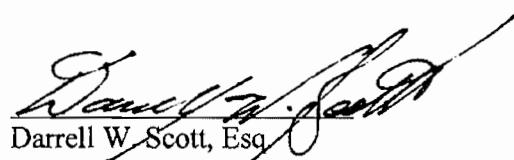
ADDITIONAL SPECIAL COUNSEL
FOR ZAI CLAIMANTS

VERIFICATION

STATE OF WASHINGTON)
)
COUNTY OF SPOKANE)

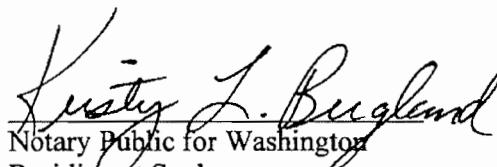
Darrell W. Scott, after being duly sworn according to law, deposes and says:

- a) I am counsel for the applicant law firm The Scott Law Group, P.S., and have been admitted to appear before this Court.
- b) I have personally performed many of the legal services rendered by The Scott Law Group, P.S. and am thoroughly familiar with the other work performed on behalf of the ZAI Claimants by the lawyers and paraprofessionals of The Scott Law Group, P.S.
- c) I have reviewed the foregoing application and the facts set forth therein are true and correct to the best of my knowledge, information and belief. Moreover, I have reviewed Del.Bankr.LR 2016-2 and the 'Amended Administrative Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Revised Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members', signed April 17, 2002, and submit that the Application substantially complies with such Rule and Order.



Darrell W. Scott, Esq.

SWORN AND SUBSCRIBED
Before me this 7 day of March, 2007.


Kristy L. Bergland
Notary Public for Washington
Residing at Spokane
My Commission Expires: 9/10/2010

